

# Status and Funding of Michigan's Evaluation of a Health Insurance Exchange

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# Affordable Care Act and its Impact on Michigan

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- While the US Supreme Court has ruled on the constitutionality of the law, uncertainty about many of its provisions and how they will be implemented still remain:
  - State actions (e.g. Health Insurance Exchange, Medicaid Expansion, Essential Health Benefits)
  - Congressional actions (e.g. efforts to repeal ACA, deficit reduction efforts)
  - Federal rulemaking
  - Potential additional legal challenges
- While disagreement about the law remains, Governor has stated that it is prudent to act now to protect Michigan job providers and consumers
- The evaluation and potential implementation of MIHM will require a tremendous amount of coordination between the public and private sectors, and funding
- Authorization by Legislature of ability to spend the \$9.8 million Level 1 establishment grant will permit us to do further study to remove *some* of the uncertainty that exists, without committing the State of Michigan to a final decision on whether to establish a health insurance exchange



# **Available Planning Choices for Establishing Health Insurance Exchanges under the Affordable Care Act**

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- State-Based Exchange (SBE)
  - Public or Quasi-Public Entity
  - Non-Profit Corporation
- Federally-Facilitated Exchange (FFE)
  - Federal exchange
  - Federal-State partnership exchange
- To date, 17 states have announced intent to run SBE, 2 states have announced intent to run partnership exchange, 7 states have announced intent to do neither and 24 states (like MI) are undecided
- Michigan must file an application – known as a “blueprint” – with HHS by November 16, 2012 regarding its intent regarding an exchange
- All desirable alternatives require money to study further and to demonstrate progress



# What Limited Planning Have We Done To Date?

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- We have continued to work with DCH, DHS, OFIR, SBO and DTMB with existing resources to evaluate options and understand requirements of federal law
- We have committed our previously awarded \$1 million planning grant and used it to finance stakeholder engagement, initial data analysis and some contractual staffing (have not added any new state staff)
- The lack of spending authority has significantly limited our planning; we have been unable to spend \$9.8 million Level 1 establishment grant on additional analysis, obtaining contract services, additional IT work or for other purposes



# Implementation Timelines Drive Funding Need

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- Set in federal law or final federal rule; the federal government has accelerated the implementation timeline in their final federal rules for when an exchange must be operational
  - January 1, 2013: Secretary of HHS must, per federal law, certify each state as to its readiness to have a state-based exchange operational on October 1, 2013
  - October 1, 2013: “Go Live”– Open Enrollment begins for plans on the exchange
  - January 1, 2014: Benefits under exchange plans begin
  - December 31, 2014: Last day to expend federal funds
  - January 1, 2015: Exchanges must be financially self sustaining
- Implementation timelines apply to state-based exchanges, federal-state partnership exchanges and federally facilitated exchanges



# Funding Timelines

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- The federal government has extended the deadlines for states to receive grant funding through the end of 2014
- Generally a state can apply for funding on one day every 3 months and, if approved, the grant will be awarded 45 days after submission
- Next opportunity for states to apply is August 15, 2012
- The \$9.8 million Level 1 establishment grant awarded to Michigan will expire in November 2012; Michigan can ask for an extension of grant funding if the state meets various criteria set forth in federal regulations



# Other Key Upcoming Dates in 2012

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- September 30, 2012: State must choose its Essential Health Benefit (EHB) package and submit to HHS
  - EHB will determine plan benefits in both off and on exchange plans for individual and small group markets
  - Decision will apply for calendar years 2014 and 2015
- November 16, 2012: Michigan must submit letter from Governor and the State's "blueprint" to the federal government for exchange certification
  - Michigan will have to make a decision whether it can have a functional SBE up and running by October 1, 2013; if not, then an FFE or partnership exchange will be implemented in Michigan
  - This will be an intense process that requires Michigan to prove its readiness on several fronts (e.g. IT, plan management, consumer support, governance, financial management, etc.)



# Decision Making Deadlines/Funding Implications

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- Given the delay in implementation, there is no guarantee at this stage that Michigan has the ability to become certified for an SBE in 2014; as a result, Michigan may be forced into an FFE/Partnership for 2014 and Michigan could apply for SBE certification in 2015
- There does remain a path that gives us the best opportunity to establish a SBE in 2014, but it is rapidly closing
  - For an SBE: Need \$9.8 million federal appropriation in August and legal authority in August/September
  - For an FFE/Partnership Exchange: Need \$9.8 million federal appropriation in August
- Result of federal elections may influence deadlines, either through legislative or administrative action; however, none of these outcomes will likely be manifest until well after November 16, 2012
- Now that Supreme Court has ruled, further delay in authorizing funding may result in loss of vendor availability and increases in vendor pricing; some signs of this are already emerging in the market



# Questions?

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***Thank You***